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SUBJECT: PRIME MINISTER OLMERT DISCUSSES HAMAS, PALESTINIAN
AUTHORITY, AND SYRIA WITH CODEL SMITH

Classified By: Classified by Ambassador James B. Cunningham for reasons
1.4 (B/D).

¶1. (S) SUMMARY. Israeli Prime Minister Ehud Olmert met with Ambassador Cunningham and members and staff of the House Armed Services Committee and House Permanent Select Committee on Intelligence on January 29 to discuss Israel's recent military operation in Gaza, peace talks with the Palestinians, and the possibility of conducting negotiations with Syria. Olmert assessed that Operation Cast Lead's results had some promise but confided that some challenges remained. He defended Israel's conduct, stressing that Israel worked hard to avoid harming civilians. He credited the 2006 war in Lebanon with discouraging Hizballah to intercede during the operation in Gaza, claiming that Hizballah knew it lost the war. Olmert explained that it was important that any rebuilding done in Gaza be seen as benefiting the moderate Palestinian Authority (PA) leadership. More importantly, he said, it was necessary to reach a negotiated settlement with the Palestinians. He then outlined what he said he proposed to PA President Mahmud Abbas and said he has been waiting more than four months for a response from the Palestinian leader. Turning to Syria, Olmert told his interlocutors that Israeli officials were in Ankara, Turkey in January to finalize the agenda for formal Israeli-Syrian negotiations, but he averred that Syrian President Bashar al-Asad scuttled the process. Nevertheless, he explained that he still favored pursuing talks with Syria and encouraged the U.S. to lead international efforts while requiring Syrian actions before providing Damascus with any tangible benefits. End Summary.

¶2. (SBU) Attending the meeting on the Israeli side were Olmert, foreign policy adviser Shalom Turgeman, Israel's ambassador to the U.S. Sallai Meridor, government spokesman Mark Regev, Ministry of Foreign Affairs official Yaron Siderman, and Yael Apter. The U.S. delegation consisted of the Ambassador; Reps. Adam Smith (D-WA), Susan Davis (D-CA), Ted Poe (R-TX), Dutch Ruppersberger (D-MD), Gabrielle Giffords (D-AZ), Frank Kratovil (D-MD), and Glenn Nye (D-VA); staff members Bill Natter, Alex Kugajevsky, John Bohanon, and Robert Minehart; military escorts David Colberg and David Silverman; and Poloff.

GAZA

¶3. (SBU) Olmert began the meeting with an assessment of the recent conflict in the Gaza Strip. He said that the operation there could help change the reality, but that Israeli leaders knew the hostilities ended at a fragile point and it did not take long for rocket fire to resume. Olmert defended Israeli actions, stressing that most countries had forgotten that dozens of rockets fell on Israeli cities in the days leading up to the Israeli incursion. He contrasted Israeli tactics he said were designed to minimize civilian casualties with HAMAS's attacks that target civilians.

¶4. (SBU) Olmert assessed Hizballah's response to Israel's

military operation in Gaza, suggesting that Hizballah refrained from targeting Israel during Operation Cast Lead because the terror group remained chastened from its conflict with Israel in 2006. He cited as evidence of Hizballah's fears that Hizballah's leader Hassan Nasrallah "has been in a bunker for the last two years - with good reason." He continued: "Israeli newspapers told Hizballah that they won, but their leaders know they lost the war in 2006."

15. (C) Olmert told the delegation that it was important that the moderate Palestinian leadership get credit for the rebuilding that would take place in Gaza. He added, however, that he was "not optimistic" that all countries - specifically Arab nations - would make good on their pledges to aid Palestinians in Gaza, pointing out that much of the money pledged as part of the Annapolis process had failed to be delivered.

NEGOTIATIONS WITH THE PALESTINIANS

16. (S) More important than the conflict in Gaza, he continued, was the need to reach a lasting agreement with the Palestinians. Olmert then sketched out for the delegation the outlines of the proposal he offered to PA President Abbas, specifying that an agreement reached based on these proposals would not be implemented while HAMAS controlled Gaza. The plan, which he said would give the Palestinians a realistic vision of what a state would look like, included a contiguous Palestinian state "based on" the 1967 lines, with Israel keeping a small portion beyond the Green Line and compensating the Palestinians with land in Israel and providing for safe passage between Gaza and the West Bank.

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Olmert said he also offered to divide Jerusalem into Arab and Jewish sectors with universal access to the Holy Basin, which would be administered jointly by the U.S., Israel, Palestine, Jordan, and Saudi Arabia. He rejected a right of return for Palestinian refugees (though he allowed for the possibility of "some" humanitarian cases over the course of five years), and said a fund would compensate both Palestinians for their "suffering" and Jews who left Arab countries for Israel. Olmert told the delegation that he has been waiting more than four months for a response from Abbas and wondered whether the worst scenario for Palestinian leaders would be for Israel to accept their demands, forcing them to decide whether they really want peace. "I made my choice," he concluded.

THE SYRIA TRACK

17. (S) When asked about negotiations with Syria, Olmert informed the delegation that he had gone to Ankara in December hoping to finalize an agenda for formal negotiations with Syria. However, the talks fizzled after Turkish premier Tayyip Erdogan spoke with Syrian President Bashar al-Asad, according to Olmert, and Asad established new conditions for going forward. He added that he was disappointed by Syria's cooperation with Iran and HAMAS during Operation Cast Lead, but that he was in favor of pursuing peace with Damascus if it showed it can deliver on its pledges. He encouraged the U.S., rather than Europe, to lead international efforts to moderate Syria, but he stressed that Damascus "should not be given anything until they act first."

18. (U) CODEL Smith did not review or clear this message.

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